

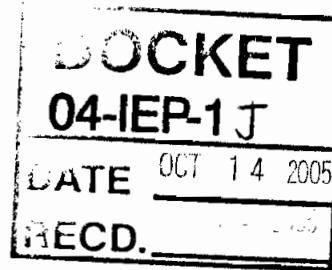


NUCLEAR ENERGY INSTITUTE

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California Energy Commission
Docket Office
1516 Ninth Street
Sacramento, CA 95814



Dear Commissioners:

Thank you for the opportunity to participate in the California Energy Commission (CEC) Committee Workshop on Issues Concerning Nuclear Power on August 15-16. CEC's draft report regarding nuclear power generally reflects the vital role nuclear plays in meeting California's electricity needs. However, we were surprised and disappointed to see a starkly different portrayal of nuclear energy in California in the proposed final Integrated Energy Policy Report (IEPR).

The draft IEPR on nuclear power upon which our August testimony was based provided an objective assessment of nuclear power in California and quantified both the many benefits and the potential challenges of the state's second largest source of electricity. Yet, the proposed final IEPR seems to ignore the majority of this original content and instead focuses solely on the storage and transport of used nuclear fuel. By choosing to omit this earlier information, the IEPR does not provide a complete assessment of nuclear energy in California and limits lawmakers' ability to fully and completely assess the role it should continue to play in the years ahead.

In order to ensure that California's lawmakers have the best information possible, we recommend that the following information be returned and/or added to the proposed final IEPR.

Safe, reliable and affordable nuclear energy represents 18.5% of California's electricity and is the second largest source of electricity in the state. This base-load electric generation is cheaper than power from most other sources. It is relatively immune to severe and changing weather patterns, fuel availability and price volatility.

Nuclear energy supports electrical grid reliability, especially in southern California. The California ISO found that the San Onofre Nuclear Generating Station (SONGS) provides substantial grid reliability benefits and that significant transmission projects would be required if SONGS was no longer in operation.

Nuclear energy will help reduce the demand for natural gas. Nationally, California is second only to Texas in consuming natural gas, importing 87% of its natural gas supplies. The price of natural gas has tripled since the moratorium on new nuclear plant construction was enacted in 1977. Also, the volatility of natural gas prices is reflected by the 91% price increase between January and September of this year. California's efficient nuclear power plants help reduce demand pressure and the price volatility of this important commodity.

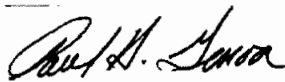
Nuclear power makes a significant contribution to California's clean air and greenhouse gas reduction policies. Nuclear energy is the largest emission-free source of electricity. The nuclear power plants in California avoided the emission of 17,300 tons of SO₂, 9,600 tons of NO_x and 16.5 million metric tons of CO₂ last year alone. In California, replacing the SONGS and Diablo Canyon nuclear power plants with alternate fossil electricity sources would mean the emission of an additional 16.5 million tons of carbon dioxide. That's the equivalent of emissions from one-sixth of all the cars in the state.

Finally, the proposed final IEPR also fails to recognize California's limited role in regulating the radiological health and safety aspects of nuclear plant operation and used fuel management activities. State involvement in such regulation is largely preempted by the federal government to ensure effective, efficient and consistent standards.

For these reasons, NEI believes it is vital that the proposed final IEPR be revised to reflect the full and vital role nuclear power plays in meeting California's energy needs, and the state's desire both to promote economic development and protect the environment.

Thank you again for the opportunity to share information about the nuclear energy industry in California, as well as provide input regarding the 2005 Integrated Energy Policy Report. Please do not hesitate to contact me if you have any questions or require any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul H. Genoa".

Paul H. Genoa